Subject: Re: Updated Wisconsin Deck for 6/28
From: "Tanya Washburn" [redacted]
Received(Date): Tue, 27 Jun 2023 03:38:52 +0000
To: "Matt Fischer" [redacted] ,"Ling Lew" [redacted] "Sean Cameron" [redacted] "Carson Oliver" [redacted], "Ann Thai" [redacted] ,"Eric Gray" [redacted], "Joseph Magnani" [redacted] ,"Liz Pulchny" [redacted], "Raf Onak" [redacted] "Kunnal Vij" [redacted], "Bri Cote" [redacted] ,"Monika Gromek" [redacted], "Meredith Thieme" [redacted] ,"Nate Barton" [redacted], "Timothy Kim" [redacted] ,"Joe Phillips" [redacted] ,"Geoff De Wilde" [redacted]
Attachment: 2023.06.28 Wisconsin CLEAN - Team Commission - Privileged & Conf
Date: Tue, 27 Jun 2023 03:38:52 +0000

Attorney Work Product
Privileged and Confidential
Prepared at the request of Counsel

Matt,

In lieu of the Box link, here is a copy of the Wisconsin deck for review.

Thanks,
Tanya

*

> On Jun 26, 2023, at 8:20 PM, Tanya Washburn [redacted] wrote:
>
> Attorney Work Product
> Privileged and Confidential
> Prepared at the request of Counsel
>
> Matt,
>
> Here <https://apple.box.com/s/kjbqr6dcdcw6c1tdzg2jdwhlfxed0djs> is the updated clean Wisconsin deck for review and share with Phil and Eddy ahead of the Wisconsin meeting on Wed. 6/28.
>
> Let us know if any changes are needed.
>
> Thanks,

PLAINTIFF
U.S. District Court - NDCAL
4:20-cv-05640-YGR-TSH
Epic Games, Inc. v Apple Inc.
Ex. No. CX-0505
Date Entered
By

> Tanya
>

Attorney Work Product

Privileged and Confidential

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Control Number	APL-EG_10680710
Group Identifier	APL-EG_10680708
P/C	
FamilyStatus	
AllCustodians	Oliver, Carson
Email From	
Email To	
Email CC	
Email BCC	
DateSent	
TimeSent	
DateLastModified	
TimeLastModified	
DateCreated	
Email Subject	
Title	
Filename	2023.06.28 Wisconsin CLEAN - Team Commission - Privileged & Confidential.key
Application	
Confidentiality_Rcvd	HighlyConfidential
Production Vol.	APL-EG_078

Epic Injunction
Implementation
June 2023
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[Jen]

ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT

[Jen]

ATTORNEY-CLIENT PRIVILEGE

ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT

[Jen]

ATTORNEY-CLIENT PRIVILEGE

Agenda

System disclosure sheet

Collections risk management

Commission duration

Programs

Commission rate

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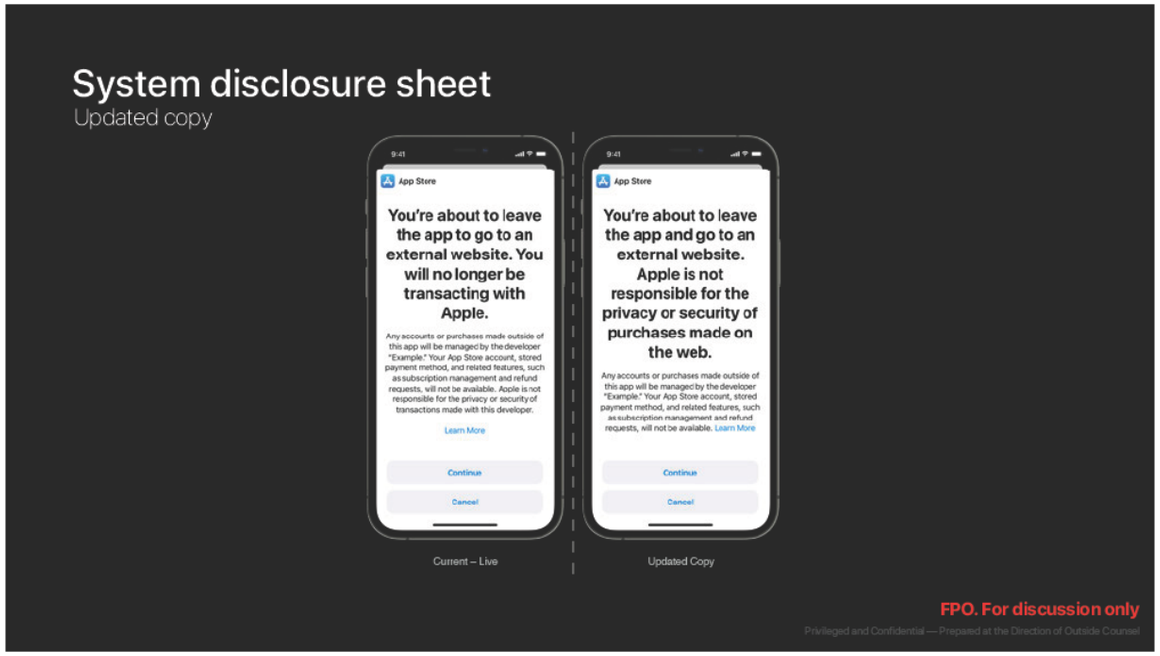
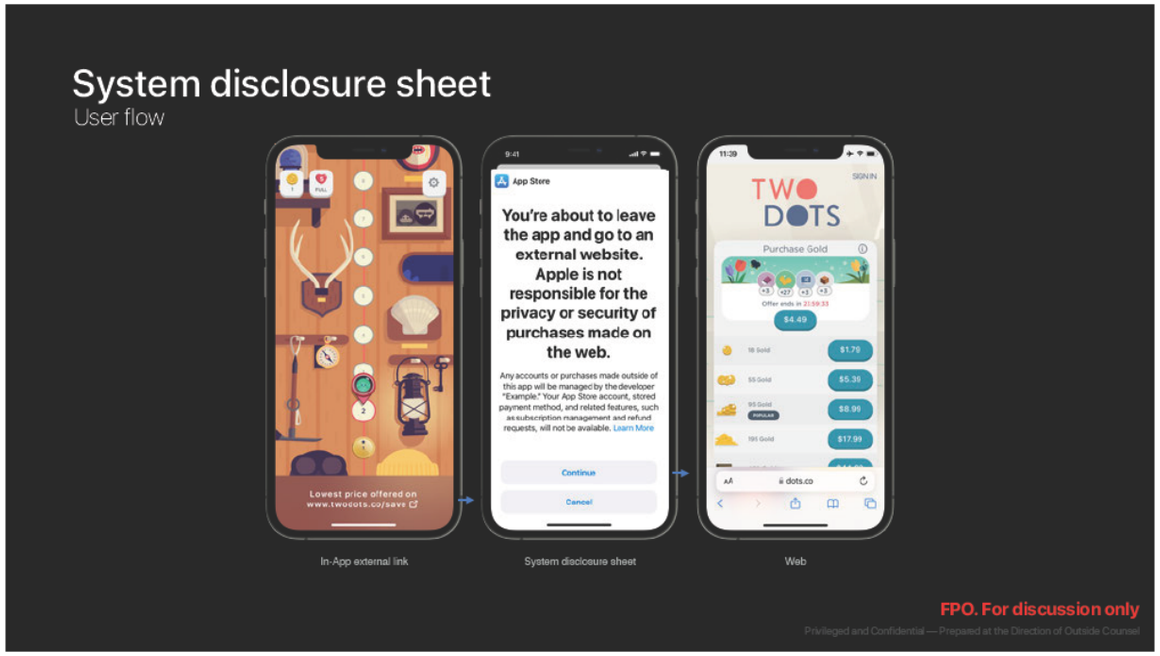
[Jen]

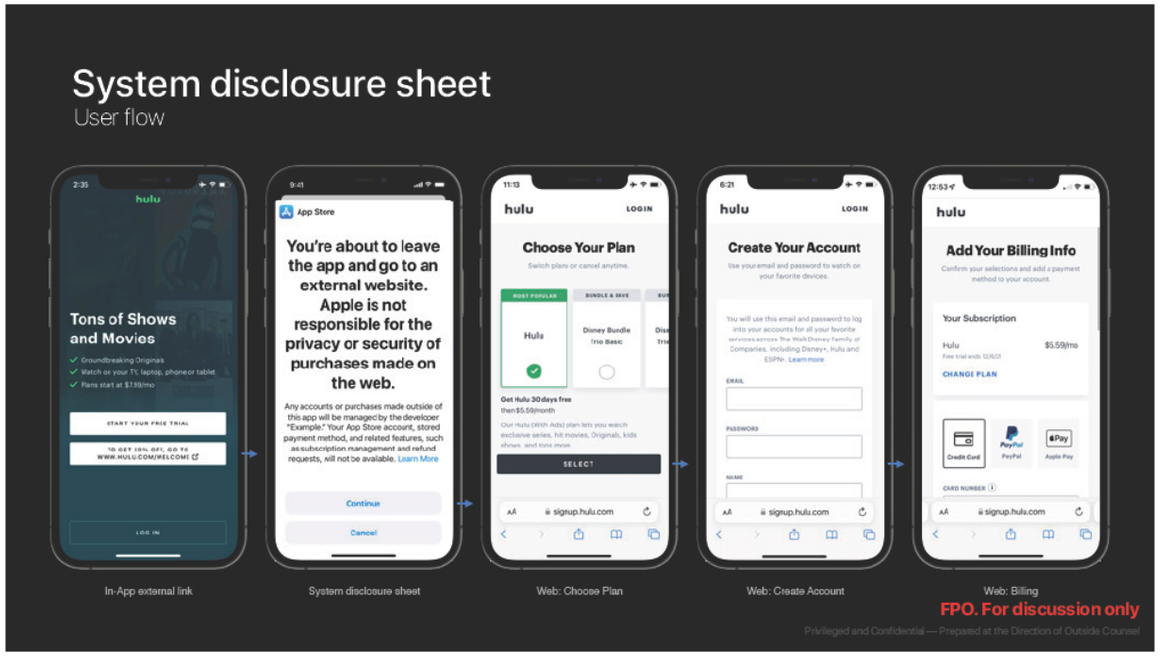


[Ann]
Tim, based on your feedback, here is the System disclosure sheet with the updated copy on the right.



[Ann]
Here's an example of the UI flow once a customer clicks on a link out button with the updated language.

It takes a customer to a system disclosure sheet letting them know they are leaving the app and going to the web.



[Ann]
And here's how it could look for account-based products and services.

Legal terms
ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT
Apple Confidential–Internal Use Only

[LING OR JEN]

Fee collections and developer escalations

Timeline *(Days from end of month)*	**Escalation Path**
15 days	Developer must report out all applicable transactions to Apple in specified format / APIs
45 days	Payment due If no payment is made: Revoke link-out entitlement Block app updates Offset against developer IAP proceeds Interest starts accruing on remaining balance
90 days	App removal from App Store Blocking distribution on Apple platforms
120 days	Termination from Developer Program Legal action for any balance remaining after offset

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[Timo]

Approach to determining reasonableness of reports

Timeline *(Days from end of month)*	**Activity**
0 - 15 days	Developer must report out all applicable transactions to Apple in specified format / APIs
15 - 35 days	Analytics performed to assess reasonableness of report, including: Completion rate Average prices Total volume Benchmarking against similar apps / developers
35-90 days	Outreach to developers to resolve any identified anomalies
90-180 days	If friendly conversations do not result in acceptable explanations, consider invoking audit rights

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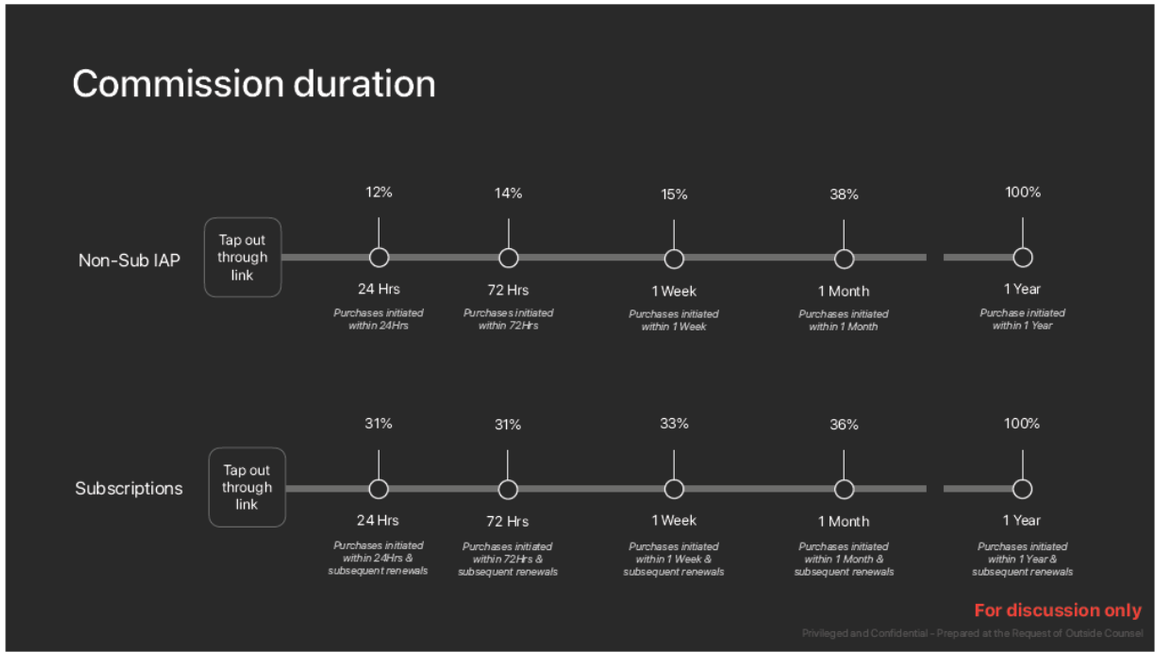
[Timo]


Commission duration
Non-Sub IAP
Tap out through link
12%
24 Hrs
Purchases initiated within 24Hrs
14%
72 Hrs
Purchases initiated within 72Hrs
15%
1 Week
Purchases initiated within 1 Week
38%
1 Month
Purchases initiated within 1 Month
100%
1 Year
Purchase initiated within 1 Year
Subscriptions
Tap out through link
31%
24 Hrs
Purchases initiated within 24Hrs & subsequent renewals
31%
72 Hrs
Purchases initiated within 72Hrs & subsequent renewals
33%
1 Week
Purchases initiated within 1 Week & subsequent renewals
36%
1 Month
Purchases initiated within 1 Month & subsequent renewals
100%
1 Year
Purchases initiated within 1 Year & subsequent renewals
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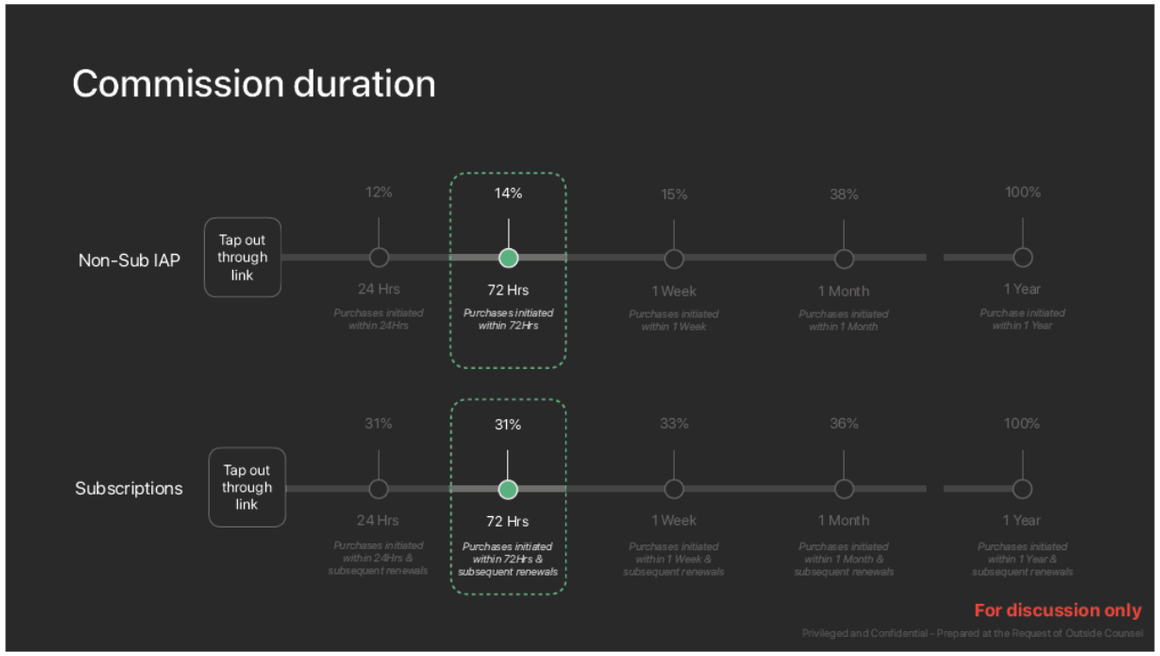
[Kunnal]


Commission duration
Non-Sub IAP
Tap out through link
12%
24 Hrs
Purchases initiated within 24Hrs
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72 Hrs
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15%
1 Week
Purchases initiated within 1 Week
38%
1 Month
Purchases initiated within 1 Month
100%
1 Year
Purchase initiated within 1 Year
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72 Hrs
Purchases initiated within 72Hrs & subsequent renewals
33%
1 Week
Purchases initiated within 1 Week & subsequent renewals
36%
1 Month
Purchases initiated within 1 Month & subsequent renewals
100%
1 Year
Purchases initiated within 1 Year & subsequent renewals
For discussion only
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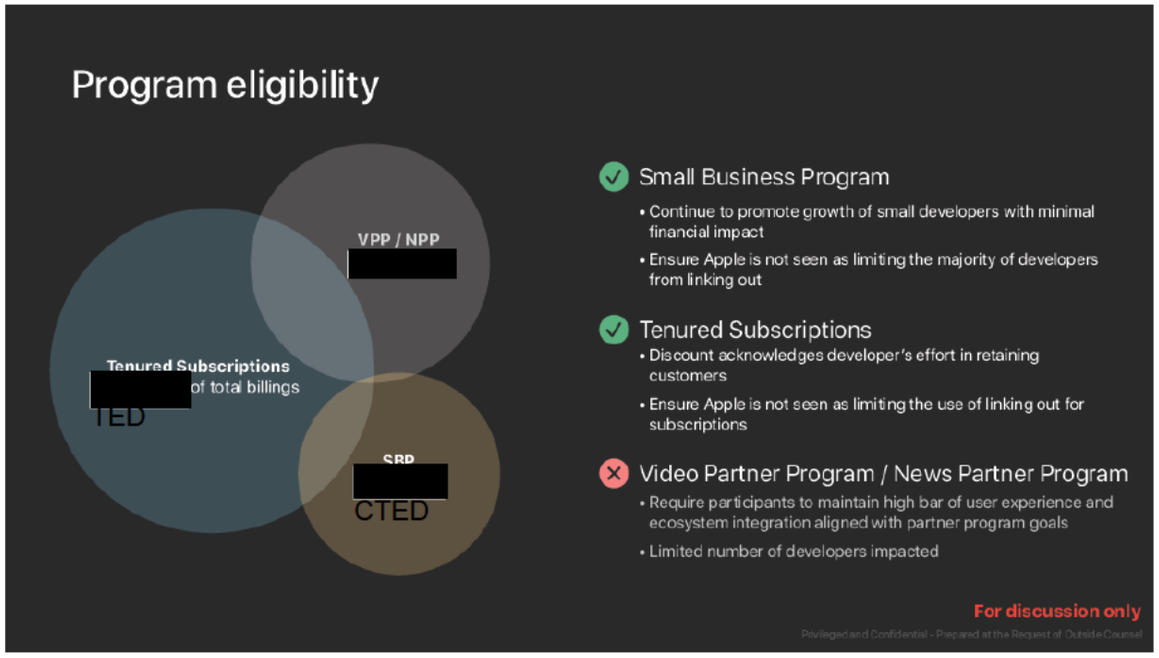
[Kunnal]


Program eligibility
VPP / NPP
[redacted]
Tenured Subscriptions
[redacted] of total billings
TED
SBP
[redacted]
CTED
Small Business Program
• Continue to promote growth of small developers with minimal financial impact
• Ensure Apple is not seen as limiting the majority of developers from linking out
Tenured Subscriptions
• Discount acknowledges developer's effort in retaining customers
• Ensure Apple is not seen as limiting the use of linking out for subscriptions
Video Partner Program / News Partner Program
• Require participants to maintain high bar of user experience and ecosystem integration aligned with partner program goals
• Limited number of developers impacted
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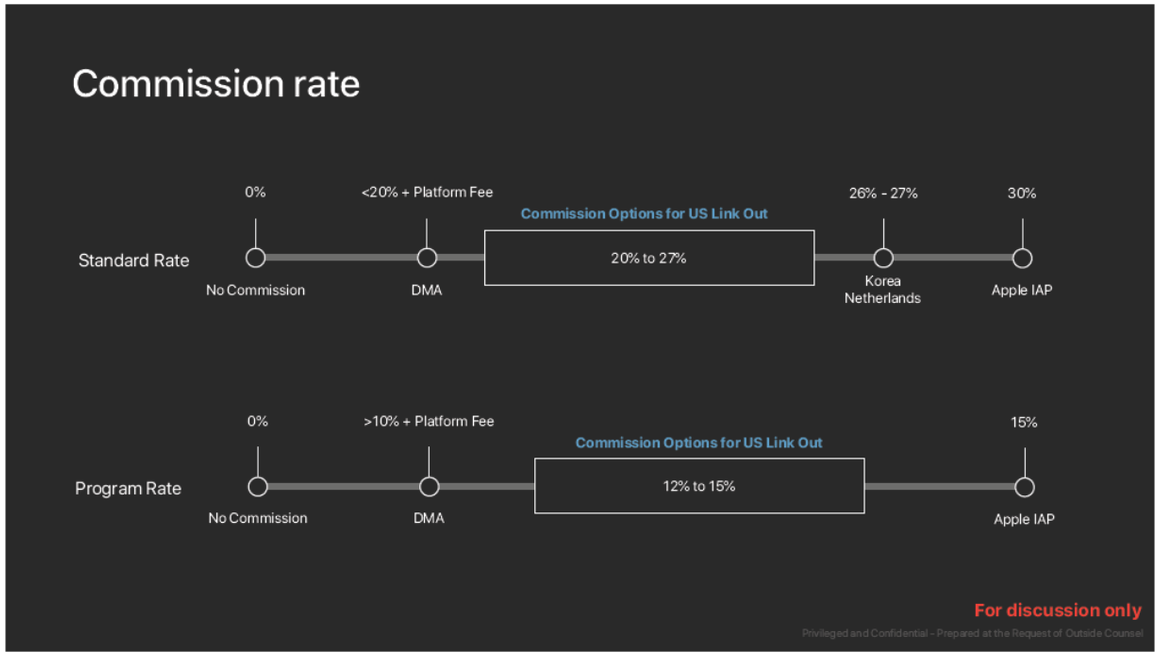
[Kunnal]


Commission rate
Standard Rate
0%
No Commission
<20% + Platform Fee
DMA
Commission Options for US Link Out
20% to 27%
26% - 27%
Korea
Netherlands
30%
Apple IAP
Program Rate
0%
No Commission
>10% + Platform Fee
DMA
Commission Options for US Link Out
12% to 15%
15%
Apple IAP
For discussion only
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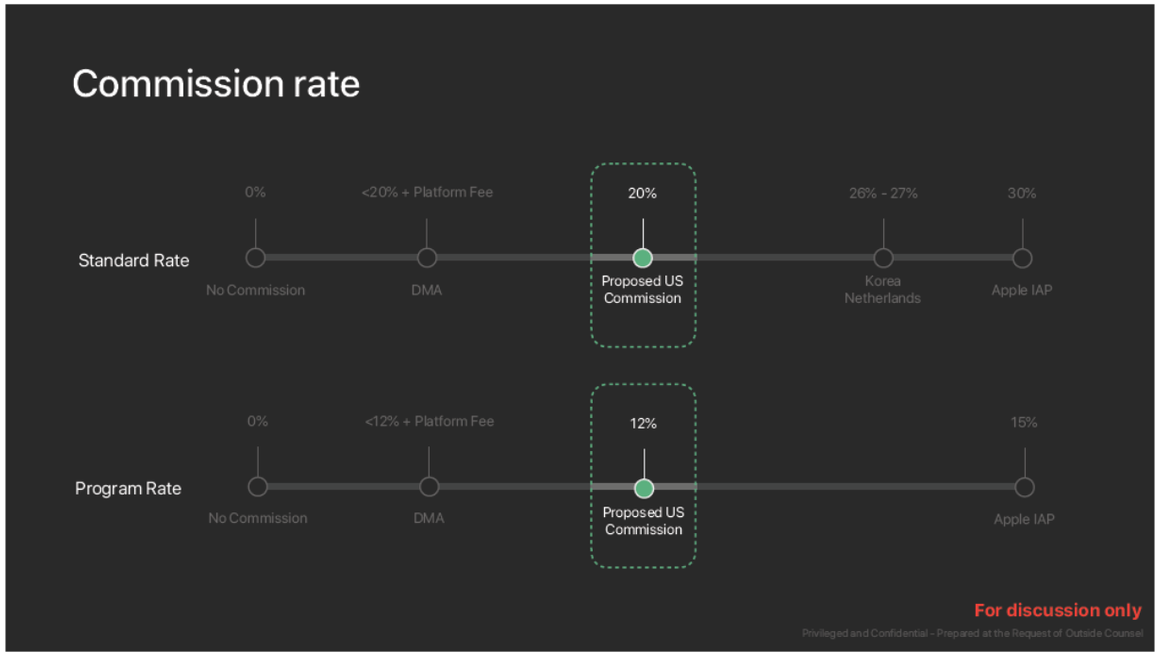
[Kunnal]


Commission rate
Standard Rate
0%
No Commission
<20% + Platform Fee
DMA
20%
Proposed US Commission
26% - 27%
Korea Netherlands
30%
Apple IAP
Program Rate
0%
No Commission
<12% + Platform Fee
DMA
12%
Proposed US Commission
15%
Apple IAP
For discussion only
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[Kunnal]

Epic injunction proposal

20% standard commission

12% program commission

Program commission only on **Small Business Program & Tenured Subs**

Purchases initiated within **72 Hrs** Post Link Out (+ subscription renewals)

These numbers are for illustrative purposes only, to aid discussion

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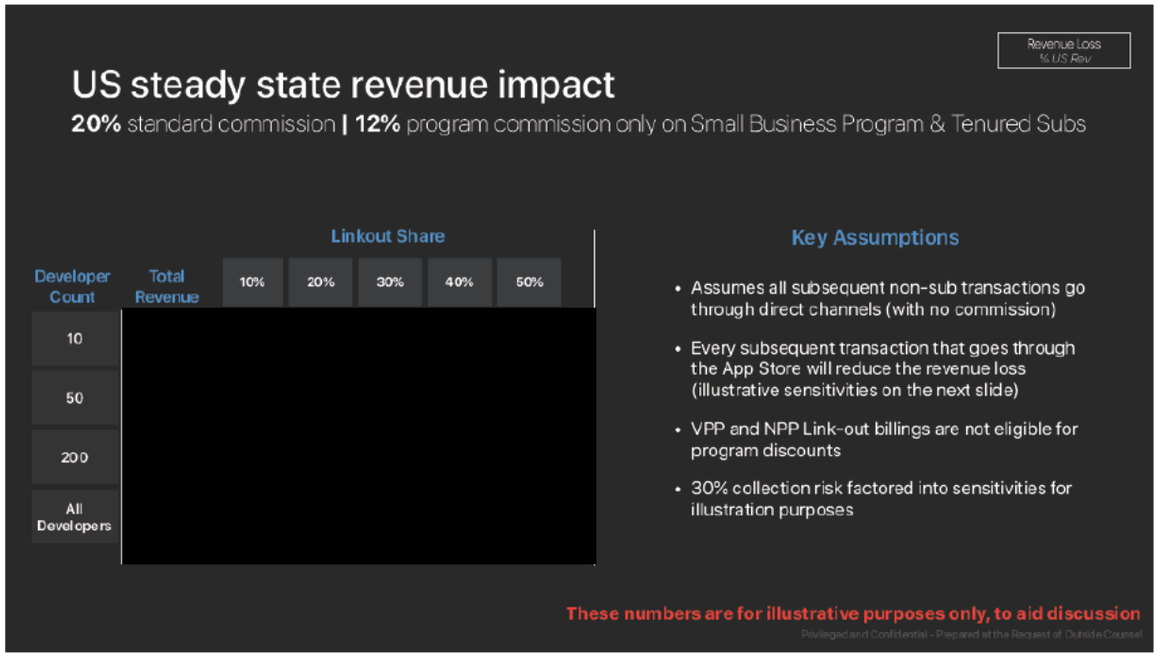
[Kunnal]


Revenue Loss
% US Rev
US steady state revenue impact
20% standard commission | 12% program commission only on Small Business Program & Tenured Subs
Linkout Share
Developer Count
Total Revenue
10%
20%
30%
40%
50%
10
50
200
All Developers
Key Assumptions
• Assumes all subsequent non-sub transactions go through direct channels (with no commission)
• Every subsequent transaction that goes through the App Store will reduce the revenue loss (illustrative sensitivities on the next slide)
• VPP and NPP Link-out billings are not eligible for program discounts
• 30% collection risk factored into sensitivities for illustration purposes
These numbers are for illustrative purposes only, to aid discussion
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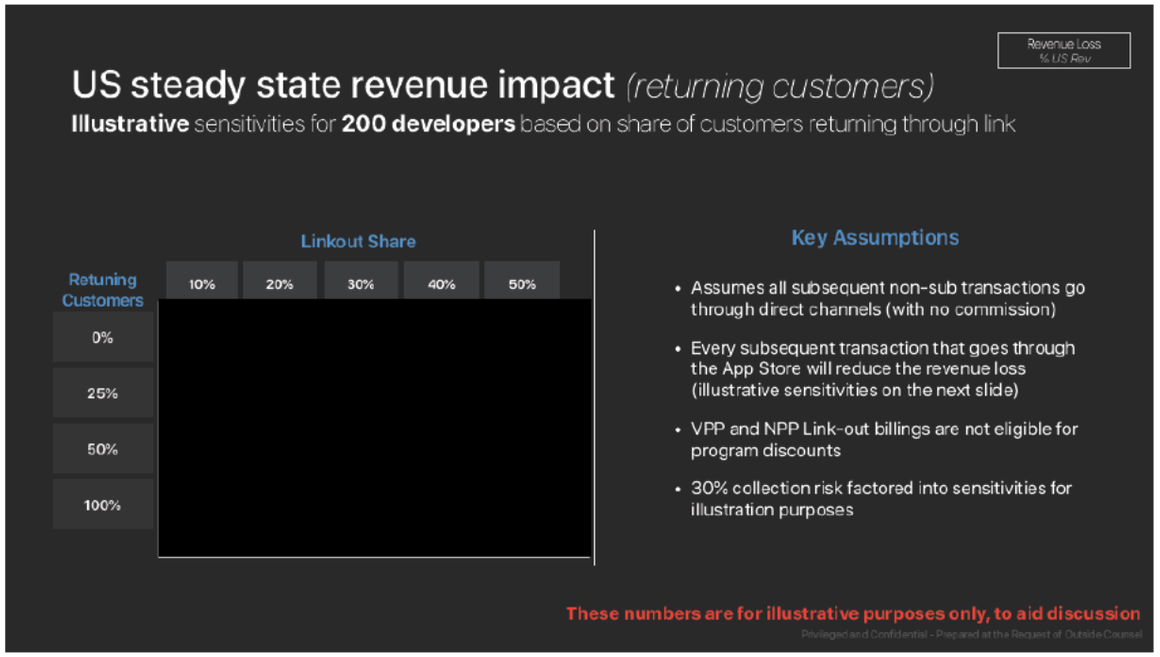
[Kunnal]


Revenue Loss
% US Rev
US steady state revenue impact (returning customers)
Illustrative sensitivities for 200 developers based on share of customers returning through link
Linkout Share
Retuning Customers
10%
20%
30%
40%
50%
0%
25%
50%
100%
Key Assumptions
• Assumes all subsequent non-sub transactions go through direct channels (with no commission)
• Every subsequent transaction that goes through the App Store will reduce the revenue loss (illustrative sensitivities on the next slide)
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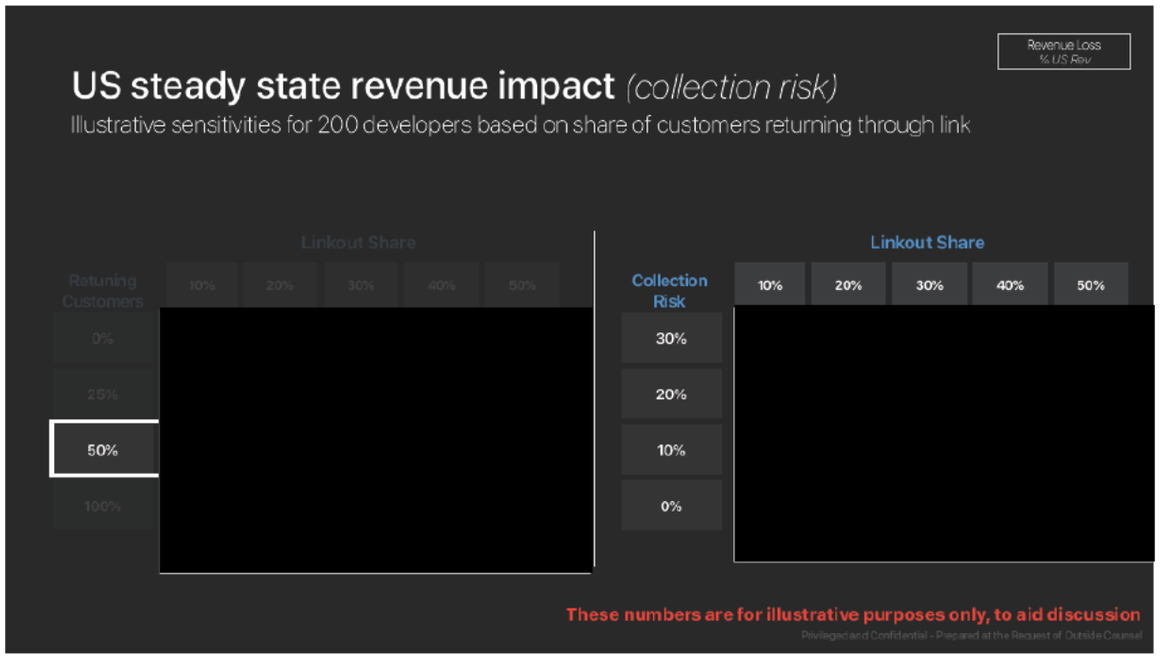
Revenue Loss
% US Rev
US steady state revenue impact (collection risk)
Illustrative sensitivities for 200 developers based on share of customers returning through link
Linkout Share
Retuning Customers
10%
20%
30%
40%
50%
0%
25%
50%
100%
Linkout Share
Collection Risk
10%
20%
30%
40%
50%
30%
20%
10%
0%
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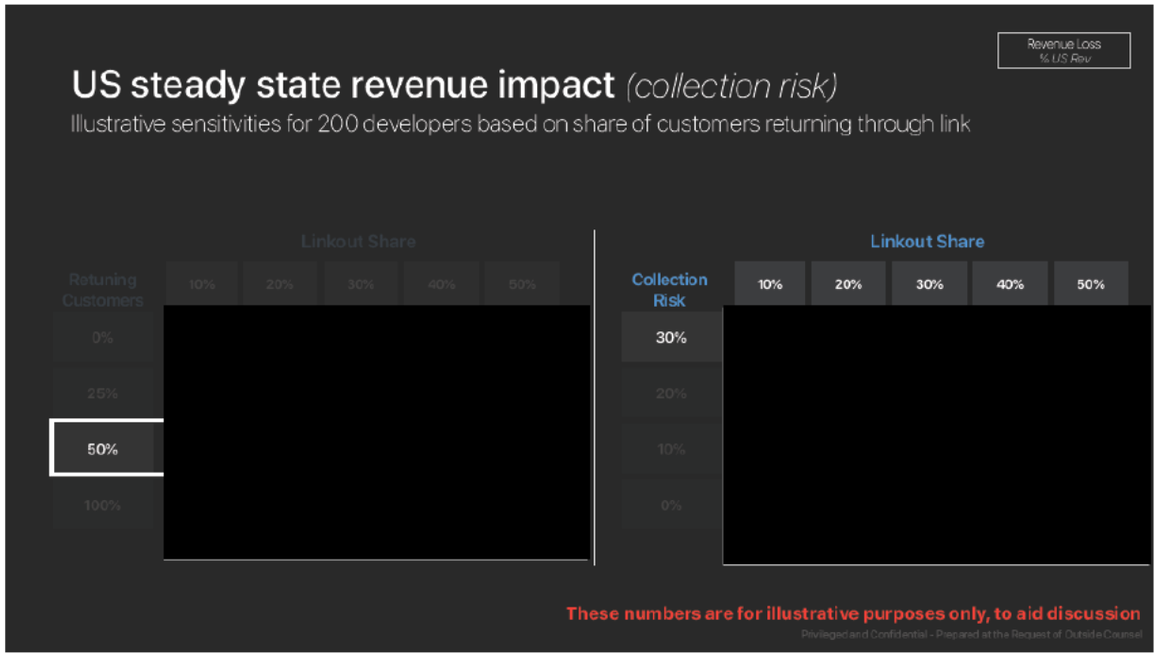
Revenue Loss
% US Rev
US steady state revenue impact (collection risk)
Illustrative sensitivities for 200 developers based on share of customers returning through link
Linkout Share
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10%
20%
30%
40%
50%
0%
25%
50%
100%
Linkout Share
Collection Risk
10%
20%
30%
40%
50%
30%
20%
10%
0%
These numbers are for illustrative purposes only, to aid discussion
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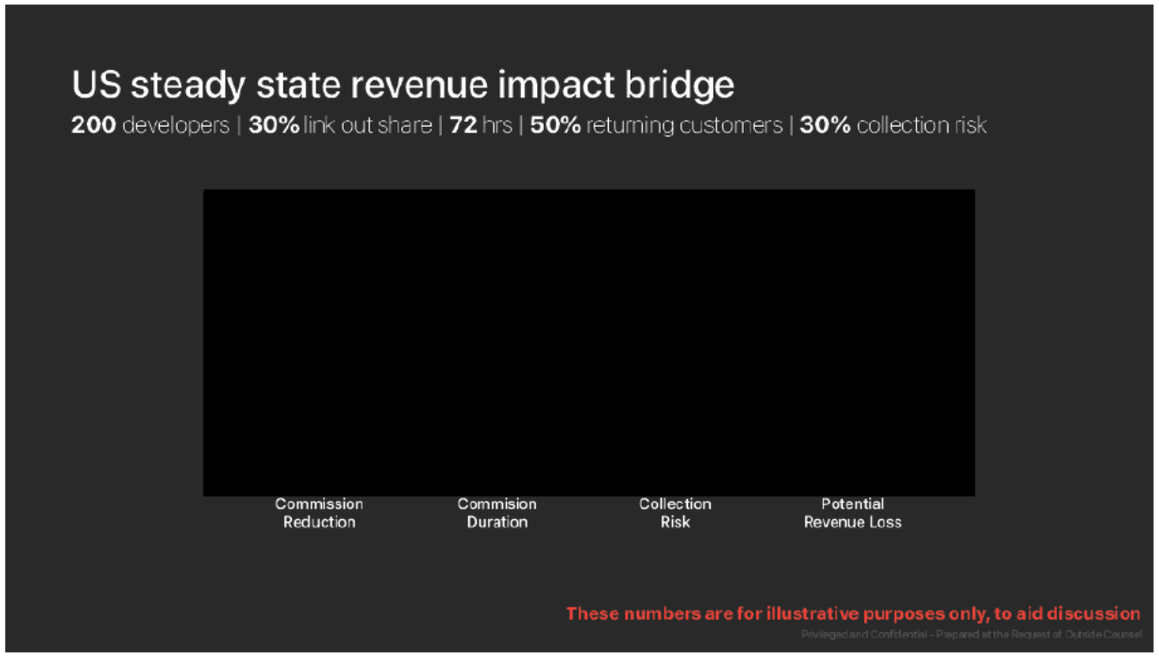
US steady state revenue impact bridge
200 developers | 30% link out share | 72 hrs | 50% returning customers | 30% collection risk
Commission Reduction
Commision Duration
Collection Risk
Potential Revenue Loss
These numbers are for illustrative purposes only, to aid discussion
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[Kunnal]

Revenue Loss
% US Rev
Sensitivities off of baseline scenario
200 developers | 30% link out share | 50% returning customers
Commission Rate
Commission Duration
Collection Risks
20%
23%
25%
Baseline Scenario
72 Hrs
30%
0%
1 Month
30%
0%
These numbers are for illustrative purposes only, to aid discussion
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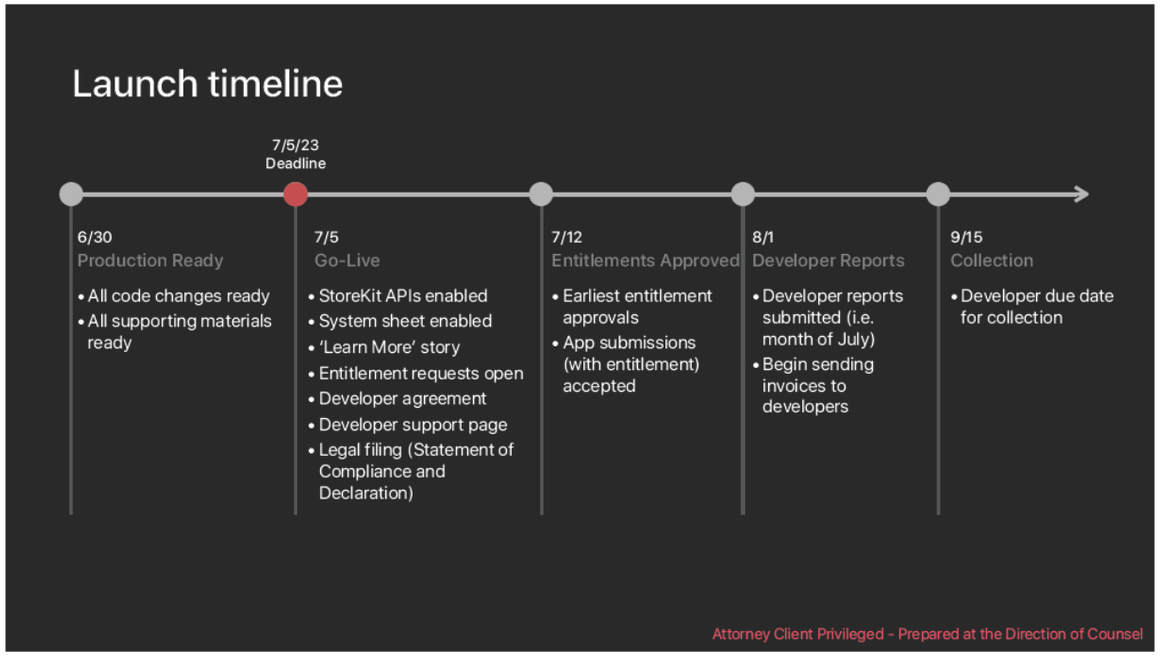
[Kunnal]



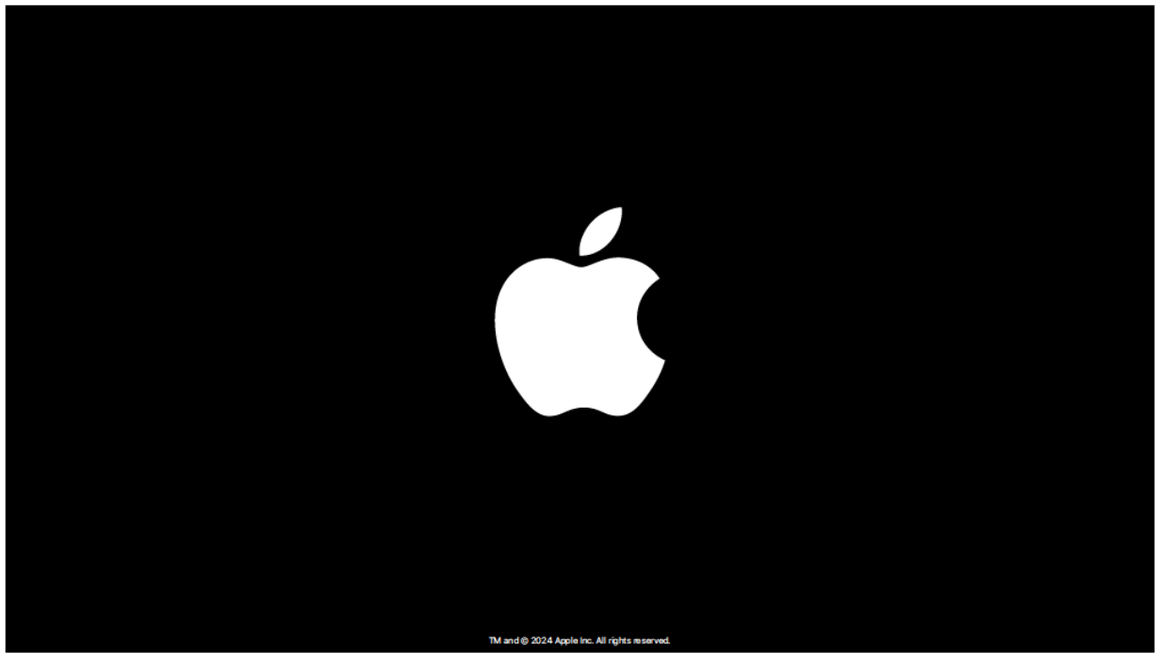
[TANYA]
This Friday 6/30 - all code changes and supporting materials will be ready

Go live on July 5 (9-10am):
- Engineering will enable StoreKit APIs and the system disclosure sheet
- Open up entitlement agreement, new Guidelines, developer support pages
- Legal is going to file the 'Statement of Compliance and Declaration'

7/12: About a week later is when the earliest entitlements will be approved, and we'll begin to accept app submissions with entitlements
- entitlements will be manually reviewed

8/1-8/15: We'll see Developer reports submitted, and we'll begin to send invoices to developers during this timeframe
[15 days to report after July]

9/15: is the due date for developers to pay us via electronic funds transfer
- Due date aligned with when we'll pay them for commission for Month of July
- Electronics funds transfer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